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3-21-84

I R O N   O R E   L E A S E

THIS AGREEMENT made and entered into this 1st day of April 1984, A.D., by and between the CF&I STEEL CORPORATION, a Colorado corporation, P. O. Box 316, Pueblo, Colorado 81002, party of the first part, hereinafter referred to as the Lessor, and Carlyle Johnson of P.O. Box 365, Cedar City, Utah 84720, party of the second part, hereinafter referred to as the Lessee;

WITNESSETH: THAT Lessor, for and in consideration of the payments of royalty herein specified and the due and proper performance of all conditions and covenants herein contained, has this day granted and leased and hereby grants and leases unto the Lessee the exclusive right and license to mine and appropriate stockpiled, lean iron ore from the lands hereinafter described (hereafter "the leased premises), together with the right to beneficiate and remove said iron ore, from the following described tract of land in Iron County, Utah, to-wit:

Mining Claim

Patented Claim No.

Treasure Box

4713

Nepoleon

4713

Containing 35.433 net acres more or less.

1. (a) This lease shall be in full force and effect for a primary term of two (2) years or until 50,000 tons of stockpiled iron ore has been mined and removed, whichever occurs first.

(b) Lessee shall have the option to renew the term of this Lease for two (2) additional one (1) year periods commencing on expiration of the primary term specified in Paragraph 1 (a) above, provided that Lessee shall have fully and faithfully performed all the terms, covenants, and conditions contained herein and written notice of Lessee's election to renew the term of this Lease is served by Lessee on



Lessor at least sixty (60) days prior to expiration of the term specified in Paragraph 1 (a) above. As a condition of any such renewal, Lessor expressly reserves the right to reasonably readjust and fix royalties payable hereunder as well as any other terms and conditions hereof.

2. (a) Lessee agrees to pay Lessor an annual minimum royalty of two thousand dollars (\$2,000.00) for each year during the primary term of this Lease. It is further understood and agreed that such annual minimum royalty payments shall be made as follows:

(1) Lessee shall pay Lessor the sum of two thousand dollars (\$2,000.00) on or before the 1st day of May, 1984, and a like sum on or before the 1st day of May, 1985.

(2) Lessee agrees to pay to Lessor a tonnage royalty of one dollar (\$1.00) per ton of 2,000 pounds on all iron ore removed from the leased premises, railroad weights to govern if shipped by rail, truck-scale weights if loaded on trucks, such royalty to be paid not later than the twenty-fifth (25th) day of the month succeeding the month in which the same was mined and removed; PROVIDED THAT annual minimum royalty payments theretofore paid in advance during any year shall be credited on tonnage royalties due for iron ore mined and removed for the same year; and PROVIDED FURTHER, that nothing herein contained shall be construed to relieve the Lessee from the payment of said annual minimum royalties as set forth in Paragraph 2(a) (1) in the event tonnage royalties as set forth in Paragraph 2(a) (2) do not equal said minimum annual royalties for each year.

3. Lessee shall have exclusive right to enter upon the leased premises and produce, beneficiate, screen and remove stockpiled iron ore from the premises, together with all incidental rights necessary or desirable for the success of such operation including (by way of partial description and not by way of restriction) the right of ingress and egress in, to and across the surface of the leased premises, the right to construct, operate and maintain facilities, structures and buildings



necessary or convenient to the operation, production of iron ore from the stockpile and the right to deposit waste materials of any kind upon the surface, or in the space remaining after the removal of iron ore (together with the right to use such material for constructing roads, ramps, or other facilities). However, no waste material is to be placed in or on the edge of the Blowout Pit.

4. This lease is granted subject to all liens, encumbrances, easements and rights-of-way heretofore granted and now in existence.

5. Lessee agrees to assume the risk of all injuries, including death resulting therefrom, to all persons, including Lessee, its employees or any member of the public, and damage to or destruction of property by whomsoever owned, including loss of use thereof and any other indirect or consequential damages, resulting directly or indirectly, wholly or in part, from the prosecution or omission of any work or obligation undertaken or required by this agreement and to defend, indemnify and save harmless, Lessor, its subsidiary or associated companies and their agents, servants and employees, from and against any and all liability, cost or expense arising therefrom, (except liability, cost or expense solely from negligence or breach of duty and including all expenses, legal or otherwise, incurred by Lessor in the investigation, defense and settlement of any claim or suit.

6. Lessee shall secure before commencing and shall maintain during the performance of the work (a) Comprehensive General Liability Insurance, combined single limit of liability of \$1,000,000; (b) Statutory Workmen's Compensation and Occupational Disease Disability Insurance; (c) Employee's Liability Insurance with limits of \$500,000 each occurrence; (d) Automobile Insurance with a combined single limit of liability of \$1,000,000. Prior to commencing work, Lessee shall also furnish to Lessor evidence of the foregoing insurance coverage in the form of Certificates of Insurance, together with evidence that the insurance carrier has assumed the liability of the Lessee hereunder and



waives any of the terms, conditions or exclusions contained in the insurance contract which might affect or detract from the coverage for assumed liability of the named insured under its described contract with Lessor. All Certificates of Insurance shall stipulate that Lessor will be given 30 days' written notice prior to any change, substitution or cancellation prior to the normal expiration date. All such insurance shall be underwritten by an insurance company acceptable to Lessor.

7. As a material inducement to Lessor, Lessee agrees to conduct its operations in a good and workmanlike manner in order to recover as much of the iron ore available therein as possible, in keeping with good mining practice, and to conduct its operations in such a manner as to prevent the loss of iron ore which might be recoverable.

8. (a) Lessor understands that Lessee may make efforts to obtain rights, permits, rezoning and other authorization from governmental or private entities as may be necessary to mine, handle, store, transport or sell the iron ore which is the subject of this Lease. Lessee shall be solely responsible for these efforts; however, Lessor agrees to cooperate with Lessee in any and all such endeavors upon Lessee's request, subject to Lessor's right as a landowner to require proper mining and reclamation of the Leased Premises.

(b) Prior to filing with the Division of Oil, Gas and Mining, Department of Natural Resources of the State of Utah, or any other public agency, for approval thereby, any mining plan, reclamation plan or permit application which covers the Leased Premises, or any portion thereof, or which covers lands other than the Leased Premises to be mined by Lessee but which relates to or will in any manner affect the Leased Premises, Lessee shall submit to Lessor a copy of such mining plan, reclamation plan or permit application for its review and prior approval. If such plan is not approved or rejected within thirty (30) days of receipt thereof by Lessor, such plan shall be deemed approved.



9. Lessee shall mine, operate and reclaim the Leases Premises in accordance with all local, state and federal statutes and regulations. At all times, Lessee shall secure his reclamation obligation with a valid surety in the amount required by law. If at any time during the term hereof and with respect to Lessee's operations on the Leased Premises, Lessee, its agents, successors, contractors or assigns, is found to be in violation of any applicable local, state or federal laws or regulations, such violation shall constitute an event of default to be cured or result in termination of this Lease in accordance with Paragraph 11 below.

10. In the event the Lessee should discontinue mining operations for a period of six (6) months, the Lessor at its option may thereupon cancel this lease upon giving ten (10) days' written notice thereof unto the Lessee by registered mail, return receipt requested, addressed to it at P.O. Box 365, Cedar City, Utah 84720, unless said discontinuance of operations by the Lessee be occasioned by strikes or other causes beyond its reasonable control.

11. In the event Lessee fails to pay the minimum annual royalty or tonnage royalty when due or fails to comply with any of the other terms of this lease, Lessor shall give Lessee written notice by registered mail, return receipt requested, of such alleged failure or default and if Lessee shall not, within thirty (30) days after date of such notice, have made payment of any amounts due or shall not have entered upon the correction of any amounts due or shall not have entered upon the correction of any other actual default, Lessor may, at its option, immediately terminate this lease by notifying Lessee of such election in the manner aforesaid. In the event of such termination, Lessor shall have the right to take immediate possession of the leased premises without let or hindrance, and Lessee shall not have the right to remove any of its property, machinery, tools or supplies from the leased premises until any amounts due Lessor or for which Lessee is responsible to third parties have been paid in full. Reclamation will remain a liability of the Lessee.



12. Upon the termination of this lease, whether by lapse of time or by default, Lessee shall have the right, for a period of one hundred twenty (120) days thereafter, to remove through, from and under the leased premises all property, machinery, equipment, tools or supplies theretofore installed by Lessee on the leased premises subject to the provisions set forth in Paragraph 11 above.

13. Lessee shall pay all taxes arising out of the mining, removal and sale of iron ore and in addition Lessee shall pay all taxes on improvements erected, installed or used by it on the leased premises; Lessor shall pay any ad valorem taxes on the surface of the demised premises.

14. Lessee shall furnish to Lessor on or before the twenty fifth (25th) day of each month during the term of this lease a sworn report showing the amount of iron ore, removed and sold or used during the preceding month. The Lessor shall have the right, at any reasonable time, by its duly appointed agents, to examine the scales and all the premises, inspect and survey the same and to examine and make extracts or copies from all books, payrolls and weighsheets that may show in any way the iron ore mined from the premises, and all convenience necessary for such inspection, survey or examination shall be furnished by the Lessee. The Lessee shall furnish to the Lessor, free of charge, after one year and at the end of this lease, maps and blue prints in duplicate disclosing the workings and surface features of the demised premises, said maps to be platted on same base as property subdivision of Lessor. These may be copies of the same maps required by the state. The Lessee agrees that in the event said maps or blue prints are not furnished the Lessor as provided above, the Lessor may, at its option, have surveys and maps made of the Lessee's workings on the demised premises and the Lessee agrees to promptly reimburse the Lessor for all expense in connection therewith.



15. Lessee agrees to abide by and conform to the laws of the State of Utah and of the United States, and any valid rules or regulations of any legally constituted body having jurisdiction thereof whether now in force or hereinafter enacted pertaining to the operation of mines or in any way affecting this lease.

16. The Lessee further agrees to furnish to the Lessor, before starting any operations or the removal of iron ore under this lease, satisfactory evidence that said Lessee has been granted the necessary license or licenses, required under the laws of the State of Utah or of any other competent jurisdiction and thereafter to furnish on or before the first day of each calendar year, and subsequently when necessary, to the Lessor, satisfactory proof that such license or licenses have been issued.

17. The Lessee further agrees to make, during the life of this agreement, to the State of Utah, such necessary reports of and payments on the iron ore removed from the demised premises as are now required or may hereafter be required under the mining laws of the State of Utah; and to save harmless the Lessor from any and all liability and damages, to which said Lessor may be liable by virtue of the failure of the Lessee so to do.

18. Lessee agrees that no lien of any kind shall be created or suffered to attach, or be in any manner created by said Lessee upon or against said premises or any part thereof. Lessee shall keep and maintain posted at all times, in a conspicuous place near each and every entrance to the property, and upon the principal buildings, a notice of Lessor's nonliability pursuant to the provisions of the statute relating to mechanics' liens.

19. The Lessee further covenants and agrees that it will not assign this lease, either in whole or in any portion, nor sublet any portion of the demised premises without the prior written consent of the Lessor.



IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above written.

Carlyle Johnson  
LESSEE

CF&I STEEL CORPORATION

By \_\_\_\_\_  
President  
LESSOR

STATE OF UTAH       )  
                          ) ss.  
COUNTY OF IRON    )

The foregoing instrument was duly acknowledged before me this  
12 day of March, 1984 by Carlyle Johnson.

My commission expires: 10-27-84

Nelson T. Flanigan  
Notary Public  
Address: Cedar City Utah  
STATE OF UTAH



STATE OF COLORADO )

) ss.

COUNTY OF PUEBLO )

The foregoing instrument was duly acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1984 by F. J. Yaklich, Jr., President of CF&I Steel Corporation.

My commission expires:\_\_\_\_\_.

Notary Public  
P.O. Box 316  
Pueblo, CO 81002